

August 15, 2001

HOSPITAL PROVIDERS

MONTANA MEDICAID NOTICE

HCPCS Coding Clarification

This notice is to clarify HCPCS coding requirements on hospital outpatient UB-92 claims. With the implementation of HIPAA in October 2002, Medicaid's current hospital outpatient payment method must be replaced, as ICD-9-CM procedure codes will not be used in the hospital outpatient setting (ICD-9-CM codes will continue to be used for diagnosis reporting and for reporting inpatient procedures). Data is necessary for Montana Medicaid to analyze which payment method will be implemented in October 2002. It is to the hospitals' advantage to accurately report valid HCPCS codes.

Montana Medicaid's requirement applies to DRG hospitals only. Critical Access Hospitals and Exempt Hospitals may voluntarily report HCPCS codes with revenue codes, but are not required to do so.

Revenue codes for drugs, supplies and devices (25X, 27X, 62X and 63X) require a HCPCS code only if line-item charges in Form Locator 47 are \$1,000 or more. Revenue Code 636 requires a CPT code in FL44 regardless of charges.

We would like to take this opportunity to clarify Revenue Code 272 for Sterile Supplies. Please refer to HCPCS Level II codes, which are alpha-numeric codes. When there are numerous Sterile Supply items that would cause the claim to be more than 40 lines long, it is appropriate to combine these items into one line under Revenue Code 272 reporting the HCPCS code for the most costly item or HCPCS Level II code A4649, Surgical Supply Not Elsewhere Classified. Again, it is to the hospitals' advantage to accurately report valid HCPCS codes to the highest level of specificity.

We would like to further clarify coding requirements for costly items. For example, Neuromuscular Stimulators should be reported under Revenue Code 278, Other Implants. Also, Pace Makers should be reported under Revenue Code 275, Pacemaker.

We appreciate the cooperation the hospital providers have shown in reporting this data for future development of an outpatient payment system. The Department is evaluating outpatient data and the current outpatient methodology is not being changed at this time.

If you have any questions or require additional information, please call Provider Relations at:

Helena and out-of-state: (406) 442-1837
In-state toll-free: 1-800-624-3958